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House Hearing Stumbles Upon CIA Secret Fund

WASHINGTON — (AP) — A channel through which the Central Intelligence Agency dispensed secret funds — a private New York-based foundation — was disclosed at a congressional hearing Monday.

Chairman Wright Patman (D., Tex.), of a House small business subcommittee, said the CIA told him it made such use of the J. M. Kaplan fund.

Officials of the Internal Revenue Service, which is auditing the fund to determine whether it should keep its tax exemption, reluctantly confirmed the CIA connection. CIA declined comment.

Patman told the revenue officials to provide information about the addresses, officers and organization of eight other foundations which, he said, together contributed almost one million dollars to the Kaplan Fund in 1961-1963.

When Acting Commissioner Bertrand M. Harding said IRS might not have the information in its files, another subcommittee member sharply disagreed.

"If these are dummy corporations or corporations we don't want to talk about, come in and say so — but don't say you don't know anything about it," Rep. James Roosevelt (D., Calif.), told Harding.

There was no more specific testimony about the amount of CIA money, nor about its destination.

The subcommittee has been investigating the tax-exempt status enjoyed by some 15,000 charitable foundations.

The Kaplan Foundation, set up by a former president of grape juice and sugar companies, came in for study Aug. 10.

Patman said Kaplan had "waged a number of battles" to

take over companies, and "in some of these contests, he has made use of charitable funds set up and dominated by him."

In New York, the Kaplan Fund declined to give any information on its background and also declined comment on the testimony.

The subcommittee is looking into reports of borrowings and other business transactions between foundations and the individuals who establish them.

The New York district tax office twice in the past recommended that the Kaplan Foundation's tax exemption be revoked, but the national office of IRS overruled this recommendation. Another audit by the district office now is in progress.

Patman indicated Monday that on Aug. 10, Mitchell Rogovin, assistant to the commissioner and the IRS contact man with CIA, told him privately of CIA's connection with the Kaplan Fund.

Patman complained the CIA had not complied fully with his request to privately provide additional information, saying "I feel like this committee has been trifled with . . . it looked to me as though this information was put out with the purpose of stopping the committee investigation."